



STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN ENGLER  
GOVERNOR

July 26, 2000

Michigan State Senate  
State Capitol Building  
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 1044. However, I am returning it to you because of several items of which I disapprove pursuant to Article V, Section 19, of the Michigan Constitution. The specific items vetoed are contained within the attached copy of the bill, which has been filed with the Secretary of State.

Enrolled Senate Bill 1044 contains supplemental appropriations for Fiscal Years 2000 and 2001 and comprehensive budgets for Fiscal Years 2002 and 2003. Enrolled Senate Bill 1044, as enacted, appropriates \$10.2 billion for Fiscal Year 2000, nearly \$11 billion for Fiscal Year 2001, \$11.5 billion for 2002, and \$11.9 billion for Fiscal Year 2003.

Over the next three years, the basic foundation allowance will increase by \$1,000 per pupil. For Fiscal Year 2001, the basic foundation allowance will increase by \$300, or 5.3%, compared to a projected inflationary increase of 3.2%. The basic foundation in Fiscal Year 2002 will increase 5%, or \$300 per pupil, plus there will be an equity payment of up to \$200 to ensure that every district will receive at least \$6,500 per pupil. In Fiscal Year 1995, when Proposal A reforms began, districts receiving foundations at or above \$6,500 were considered wealthy districts. In Fiscal Year 2003, the basic foundation will rise even higher - to \$6,700 per pupil.

The gap between the lowest spending districts and those districts receiving foundation allowances of at least the basic amount has been closed. In Fiscal Year 2000, every district will receive at least the basic foundation of \$5,700. When school finance reform was enacted in Fiscal Year 1995, the minimum foundation was \$4,200; in Fiscal Year 2003 the minimum foundation will be \$6,700, a 60% increase.

In addition, I commend the Legislature on its action related to the following initiatives:

- Demonstrating the state's compliance with both its Proposal A and its Headlee constitutional obligations, as determined by the courts in both the Durant I and Durant II court cases. Technical changes in Enrolled Senate Bill 1044 clarify that the distribution of school aid funds meets both constitutional obligations.
- Increasing funding to a total of \$866 million for intervention programs to assist all students in achieving educational success, including:
  - New funding of \$45 million annually for children ages 0-5 and their parents to improve school readiness and parenting skills, and foster the maintenance of stable families through community/school/home partnerships.
  - Increasing traditional school readiness programs funding from \$55 million to \$72.6 million annually to give an additional 4,200<sup>4</sup>-year-olds an early start on educational success and increase the per-pupil grant from \$3,100 to \$3,300. In addition, many more children of working parents will be able to take advantage of part-time school readiness programs due to the increased funding to support wraparound, full day programs - from \$5 million in Fiscal Year 2000 to \$20 million in Fiscal Year 2001, \$25 million in 2002, and \$30 million in 2003.
  - Providing \$50 million for competitive grants for districts to assess reading skills and implement research-based, structured reading improvement programs for at-risk students in the early elementary grades and an additional \$5 million annually for teacher training in reading instruction and assessment. Also, \$2.5 million is provided annually for preschool reading readiness kits.
  - Reinforcing our commitment that every child be performing schoolwork at the appropriate grade level by the fourth grade by funding summer school programs. Enrolled Senate Bill 1044 provides \$38 million in Fiscal Years 2001 and 2002 and \$50 million in Fiscal Year 2003 to offer additional assistance in reading and mathematics to students in grades 1-4 identified as needing extra help.

- Funding the Family Opportunity Project at \$10 million for Fiscal Year 2000 to support families who have not yet been successful connecting with the workforce. The program will assist these families in obtaining employment skills that improve their workforce readiness and marketability, while providing child care and summer school opportunities for their children.
- Recognizing the importance of technology and performance data in moving Michigan's K-12 system into the next millennium by funding the following initiatives:
  - Providing \$110 million for Fiscal Year 2000 to supply teachers with computers and training, furthering the integration of technology into the classroom.
  - Funding of \$15 million in Fiscal Year 2001 and \$1.5 million for each of the following Fiscal Years for the Michigan Virtual High School to significantly expand curricular offerings for all high school students and benefit teachers, administrators and school staff through access to professional development opportunities.
  - Funding of \$10 million in Fiscal Year 2000 and over \$2 million in each of the following Fiscal Years for the start-up and ongoing costs of the Database for Educational Performance and Information (DEPI) to enhance the quality, accessibility, and usefulness of education data for parents, school officials, state policymakers and the general public.
  - Providing \$1.2 million in Fiscal Year 2001 to fund a collaborative effort among the Oakland Intermediate School District, the Wayne RESA, and Eastern Michigan University to provide curricular support to teachers statewide by providing lesson plans on the internet that correlate to MEAP test expectations.

However, there are several new provisions in Enrolled Senate Bill 1044 that concern me. I am vetoing the items that appear below:

- New Section 11J would create a revolving fund of \$50 million in Fiscal Year 2000 to help districts reduce borrowing costs between state payments. This program is administratively burdensome and necessary, given the generous funding increases contained in Enrolled Senate Bill 1044.

- I am vetoing Section 11L, which contains annual funding of \$18 million for school construction interest waivers. Public Act 290 of 2000 tie-barred implementation of the school infrastructure program to the availability of funding in this new Section 11L, as well as the \$34 million in Section 11K. The \$34 million will be available for expenditure pending removal of the tie bar.
- New Subsection 32F(2) provides \$15 million annually beginning in Fiscal Year 2001 to a limited number of districts having a high proportion of 'special education pupil memberships. While this program has the laudable goal of reducing the number of children with learning disabilities needing special education services by improving reading skills, the districts eligible for the funding have a very small percentage of the state's learning disabled population enrolled in their programs. In addition, as written, these funds 'would not count toward the state's Headlee constitutional obligations.
- New Subsection 32F(4) provides \$2.5 million annually for competitive grants to higher education institutions for the development or enhancement of programs for autistic pupils. This is in addition to funding provided in the Fiscal Year 2001 Department of Education budget for establishing or enhancing autism teacher certification programs. I am vetoing the appropriations for Fiscal Years 2002 and 2003 for these grants. Funds not expended in Fiscal Year 2001 can be carried forward for ongoing support.
- New Subsection 6(4)(Y) assists small districts experiencing declining enrollment by basing the districts' payments upon the higher of the current pupil membership blend or an average of the three most recent membership blends. The estimated cost of this provision is \$18.0 million in Fiscal Year 2001, \$17.4 million in Fiscal Year 2002, and \$15.0 million in Fiscal Year 2003. Also, new Section 20K pays state dollars to small districts with high local revenues. The cost of Section 20K is \$1.05 million annually.
- I am vetoing the appropriations for Fiscal Years 2002 and 2003 for both of these provisions. Continued additional state support will only maintain the status quo. In addition to the task force to be appointed by the State Superintendent as described in Section 20K, I will be establishing a study

committee to examine how to restructure the delivery and administration of services and programs in these small, declining-enrollment districts to provide maximum educational opportunities to students in the most cost-efficient manner possible.

- Language added to Section 24(2) would pay for the added costs of court placed pupils in a district that does not fit the existing criteria under this section. The cost of this provision is \$100,000 annually beginning in Fiscal Year 2001.

I also considered a veto of new Subsection 53a(6) which allocates \$150,000 annually to an intermediate district that received at least \$1 million in Fiscal Year 2000 for special education transportation costs under Section 53a; however, the language appears technically flawed, as no intermediate district is expected to have reported special education transportation costs under Section 53a exceeding \$1 million. No intermediate districts will be eligible, and this funding will lapse at the end of each Fiscal Year.

Legislative action, modified by these vetoes, demonstrates our continuing outstanding commitment to our future. Thank you for your work on behalf of Michigan's children.

Sincerely,

A handwritten signature in black ink, appearing to read "John Engler". The signature is fluid and cursive, with the first name "John" and last name "Engler" clearly distinguishable.

John Engler  
Governor

cc: Michigan House of Representatives  
The Honorable Candice Miller